

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: Senate Bill 448 (First Edition)

SHORT TITLE: Equalize Tax on Propane Used as a Motor Fuel.

SPONSOR(S): Senator B. Jackson

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Highway Fund Revenues:	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
Highway Fund Expenditures:					
Trust Fund Revenues:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Highway Trust Fund Expenditures:					
State Positions:					
NET STATE IMPACT	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Transportation

EFFECTIVE DATE: July 1, 2015

TECHNICAL CONSIDERATIONS:
None

BILL SUMMARY:

This bill amends G.S. 105-449.130, definitions for alternative fuel, providing a new term - gas gallon equivalent of liquefied propane gas. It is defined as the energy equivalent of 5.75 pounds of liquefied propane gas. The bill amends G.S. 105-449.136(a), tax rates for alternative fuel, providing that the tax on liquefied propane gas is imposed on each gas gallon equivalent of liquefied propane gas.

ASSUMPTIONS AND METHODOLOGY:

The North Carolina Department of Revenue’s (DOR) “Uniformity Guide” states that the current equivalent weight for liquefied natural gas is 4.22 lbs. per gallon. This bill increases the weight to 5.75 lbs. per gallon. Therefore, less revenue will be collected since a gallon equivalent will contain 36.5% more weight than currently taxed.

DOR estimates that it collects \$275,000 to \$300,000 annually from the taxation of liquefied natural gas that is used as a motor fuel. This bill will reduce transportation revenues by \$100,000 to \$110,000 annually. The Highway Fund revenue loss is forecast to be \$75,000 to \$82,500 annually and Highway Trust Fund revenue loss is forecast to be \$25,000 to \$27,500 annually.

SOURCES OF DATA: North Carolina Department of Revenue

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Amna Cameron

APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: May 14, 2015



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